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Attorneys for Defendant PSM Holding Corp.

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

JULIE C. CHAO, an individual, and in her  
capacity as Trustee of CHAO LIVING TRUST,

Plaintiff,

v.

PSM HOLDING CORP., a corporation, and  
DOES 1-20, inclusive,

Defendants.

Case No. CV08-0100-MMC-ARB

**NOTICE OF LARRY CHAO'S FILING  
OF CHAPTER 11 PETITION AND  
EFFECT OF AUTOMATIC STAY OF  
11 U.S.C. § 362 ON THIS ACTION**

**Hon. Maxine M. Chesney**

1 TO THE COURT, ALL PARTIES HEREIN AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on January 7, 2008 (the "Petition Date"), Larry P. Chao  
3 (the "debtor"), Plaintiff Julie Chao's husband, filed a voluntary petition for relief under chapter  
4 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy  
5 Court for the Northern District of California. The chapter 11 case has been assigned case  
6 number 08-30016 before the Honorable Judge Dennis Montali.

7 The Complaint filed by Plaintiff Julie Chao on December 5, 2007 in the above-entitled  
8 action, seeks a determination "that the community assets of Plaintiff and the Trust Estate of the  
9 Chao Living Trust can not [sic] be reached by Defendant PSM if it executes on a Judgment  
10 arising out of its Lawsuit suit [sic] against National, BAIC, and Larry Chao." Complaint at 7, ¶  
11 1.

12 Pursuant to Bankruptcy Code § 541(a), the bankruptcy estate of the debtor consists of "all  
13 interests of the debtor *and the debtor's spouse in community property* as of the commencement  
14 of the [bankruptcy] case." 11 U.S.C. § 541(a)(1) (emphasis added).

15 Pursuant to Bankruptcy Code § 362(a), the filing of the chapter 11 petition by Larry Chao  
16 operates as a stay applicable to all entities of:

17 (1) the commencement or continuation, including the issuance or employment of  
18 process, of a judicial, administrative, or other action or proceeding against the  
19 debtor that was or could have been commenced before the commencement of the  
20 case under this title, or to recover a claim against the debtor that arose before the  
21 commencement of the case under this title;

22 **(2) the enforcement, against the debtor or against property of the estate, of a**  
23 **judgment obtained before the commencement of the case under this title; [or]**

24 **(3) any act to obtain possession of property of the estate or of property from**  
25 **the estate or to exercise control over property of the estate.**

26 11 U.S.C. § 362(a)(1)-(3) (emphasis added).

27 ///

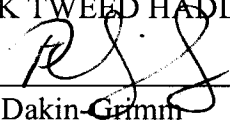
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1           THEREFORE, it appears that the automatic stay prohibits the Defendant from filing a  
2 response to Plaintiff's Complaint pertaining to the community property of Julie Chao and debtor  
3 Larry Chao, and also prohibits this Court from entertaining the same.

4  
5 Respectfully submitted,

6  
7 Dated: January 14, 2008

MILBANK TWEED HADLEY & McCLOY LLP

8 By:   
9 Linda Dakin-Grimm  
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11 Patricia J. Quilizapa  
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Attorneys for Defendant PSM Holding Corp.

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**PROOF OF SERVICE**

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 601 South Figueroa Street, 30th Floor, Los Angeles, California 90017.

On January 14, 2008, I served the foregoing document described as **NOTICE OF LARRY CHAO'S FILING OF CHAPTER 11 PETITION AND EFFECT OF AUTOMATIC STAY OF 11 U.S.C. § 362 ON THIS ACTION** on the interested parties in this action:

X by placing true copies thereof enclosed in sealed envelopes addressed as follows:

FRIEDMAN DUMAS & SPRINGWATER LLP

Cecily A. Dumas (SBN 111449)

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X **BY MAIL:** Following ordinary business practices at the Los Angeles, California office of Milbank, Tweed, Hadley & McCloy LLP, I placed the sealed envelopes for collection and mailing with the United States Postal Service on that same day. I am readily familiar with the firm's practice for collection and processing of correspondence for mailing. Under that practice, such correspondence would be deposited with the United States Postal Service on that same day, with postage thereon fully prepaid at Los Angeles, California, in the ordinary course of business.

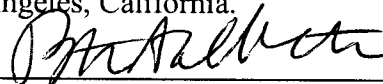
       **BY FEDERAL EXPRESS:** Following ordinary business practices at the Los Angeles, California office of Milbank, Tweed, Hadley & McCloy LLP, I placed the sealed envelope(s) for collection and retrieval by Federal Express on that same day. I am readily familiar with the firm's practice for collection and processing of correspondence for retrieval by Federal Express. Under that practice, such correspondence would be retrieved by Federal Express on that same day, with fees thereon fully prepaid at Los Angeles, California, in the ordinary course of business.

       **BY EMAIL:** I caused the above-entitled document(s) to be sent to the recipient(s) noted via electronic transfer (EMAIL) at the email address(es) indicated, as previously agreed by the parties.

Executed on January 14, 2008, at Los Angeles, California.

BETH A. AALBERTS

Type or Print Name



Signature